

COMMISSIONERS  
KRISTIN K. MAYES – Chairman  
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PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

OPEN MEETING ITEM



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ARIZONA CORPORATION COMMISSION

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2010 JUL -6 A 11:09

DATE: JULY 6, 2010  
DOCKET NO.: W-02192A-09-0531

AZ CORP COMMISSION  
DOCKET CONTROL

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Sarah N. Harpring. The recommendation has been filed in the form of an Order on:

LITTLE PARK WATER COMPANY INC.  
(RATES)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by 4:00 p.m. on or before:

JULY 15, 2010

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

JULY 27, 2010 and JULY 28, 2010

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission  
**DOCKETED**

JUL - 6 2010

DOCKETED BY	
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ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

1200 WEST WASHINGTON STREET; PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET; TUCSON, ARIZONA 85701-1347  
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This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail [SABernal@azcc.gov](mailto:SABernal@azcc.gov)

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

KRISTIN K. MAYES - Chairman  
GARY PIERCE  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

IN THE MATTER OF THE APPLICATION OF  
LITTLE PARK WATER COMPANY INC. FOR  
APPROVAL OF A RATE INCREASE.

DOCKET NO. W-02192A-09-0531

DECISION NO. \_\_\_\_\_

**ORDER**

Open Meeting  
July 27 and 28, 2010  
Phoenix, Arizona

**BY THE COMMISSION:**

This case involves an application for a permanent rate increase, filed with the Arizona Corporation Commission ("Commission") on November 18, 2009, by Little Park Water Company Inc. ("Little Park"), a Class E water utility providing water utility service to approximately 71 customers in a service area between Sedona and the Village of Oak Creek, in Yavapai County. Little Park's application uses a test year ("TY") of July 1, 2008, through June 30, 2009. Little Park's current rates were approved in Decision No. 57212 (January 16, 1991). Little Park has accepted Staff's recommendations in this case.

\* \* \* \* \*

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

**FINDINGS OF FACT**

**Background**

1. Little Park is a Class E public service corporation providing water utility service to approximately 71 customers in a service area between Sedona and the Village of Oak Creek, in Yavapai County. Little Park's service area is approximately one-half square mile in size.
2. Little Park is a C corporation wholly owned by Big Park Water Company ("Big

1 Park”), another public service corporation.

2 3. Little Park’s water system has two active wells yielding a combined 128 gallons per  
3 minute (“GPM”); two arsenic treatment systems; three storage tanks with a combined capacity of  
4 27,600 gallons; four booster pumps; two pressure tanks; and a distribution system serving 71 metered  
5 customers and 29 standard hydrants. Little Park’s system is also interconnected with Big Park’s  
6 system with an 8” x 2” master meter. The Commission’s Utilities Division Staff (“Staff”) concluded  
7 that Little Park’s production and storage capacities are adequate to serve its present customer base  
8 and reasonable growth.<sup>1</sup>

9 4. Of Little Park’s 71 current customers, 33 are served by 5/8” x 3/4” meters, 10 are  
10 served by 3/4” meters, 27 are served by 1” meters, and one is served by a 4” meter. The average and  
11 median monthly consumption levels of Little Park’s residential 5/8” x 3/4” customers are 15,850  
12 gallons and 9,167 gallons, respectively.

13 5. Little Park reported 13,516,000 gallons pumped/purchased and 11,617,000 gallons  
14 sold for the TY. Little Park reported that 893,000 gallons of unsold water were attributable to leaks  
15 and flushing of mains and that 229,200 gallons of unsold water were attributable to discharge and  
16 flushing of sand for operation of Well #1. As a result, Staff calculated water loss of 5.7 percent,  
17 which is within Staff’s recommended maximum threshold of 10-percent water loss.

18 6. Staff’s Consumer Services Section database shows one complaint filed against Little  
19 Park between January 1, 2007, and February 17, 2010. Staff reports that the complaint has been  
20 resolved and closed.

21 7. Staff’s Compliance Section database shows no outstanding compliance issues for  
22 Little Park.

23 8. Little Park is current on its property and sales tax payments.

24 9. Little Park is in good standing with the Commission’s Corporations Division.

25 10. Little Park is not located in an Arizona Department of Water Resources (“ADWR”)  
26 designated Active Management Area. ADWR reported to Staff that Little Park is in compliance with  
27

28 <sup>1</sup> Little Park has experienced only limited growth, increasing from 62 customers in 2003 to 70 customers during the TY. Little Park added its 71st customer, a local school served by a 4” meter, post-TY.

ADWR's requirements governing water providers and/or community water systems.

11. According to an Arizona Department of Environmental Quality ("ADEQ") Drinking Water Compliance Status Report dated October 30, 2009, Little Park has no major deficiencies and is currently delivering water that meets the water quality standards required by Arizona Administrative Code ("A.A.C.") Title 18, Chapter 4.

12. Little Park is subject to mandatory participation in ADEQ's Monitoring Assistance Program ("MAP").

13. Little Park has an approved curtailment plan tariff on file with the Commission

14. Little Park has an approved backflow prevention tariff on file with the Commission.

#### **Procedural History**

15. On November 18, 2009, Little Park filed an application for a permanent rate increase, using a TY of July 1, 2008, through June 30, 2009. Little Park reported unaudited TY operating revenues of \$42,364 and an operating loss of \$13,389. Little Park proposed pro forma adjusted TY revenue of \$64,564<sup>2</sup> and an adjusted operating loss of \$19,320.<sup>3</sup> Little Park requested an increase in revenues of \$47,672, or 112.53 percent over actual unaudited TY revenues, for total annual operating revenues of \$112,236.

16. On December 7, 2009, Little Park filed an affidavit stating that notice of the rate application had been mailed to all of its customers on November 16, 2009. The copy of notice accompanying the affidavit stated that Little Park had realized an operating loss of \$26,500 during the TY and was requesting a revenue increase of \$47,460 or 62.84 percent of total revenues.

17. On December 8, 2009, a Procedural Order was issued requiring Little Park to provide additional prescribed notice to its customers because its original notice contained inaccurate information and could be misleading.

18. On December 18, 2009, Staff issued a Letter of Sufficiency, classifying Little Park as

<sup>2</sup> The pro forma adjustment was made to reflect the annual revenues from Verde Valley School, a 4"-meter customer that came onto service post-TY. The adjustment was based on the School's monthly usage for August through October 2009.

<sup>3</sup> Little Park proposed expense adjustments including \$10,000 in rate case expense normalized over four years, additional depreciation expense due to Little Park's arsenic treatment plant completed in early 2009, additional property tax expense, and an income tax credit.

1 a Class E water system.

2 19. On December 23, 2009, Little Park filed an affidavit stating that notice of the rate  
3 application had been mailed to all of its customers on December 17, 2009. The copy of notice  
4 accompanying the affidavit showed that the notice complied with the requirements of the Procedural  
5 Order of December 8, 2009.

6 20. On December 23, 2009, Little Park filed a revised application page.

7 21. On February 18, 2010, Staff filed its Staff Report, recommending approval of Little  
8 Park's application for a rate increase, using Staff's recommended rates and charges.

9 22. On February 24, 2010, Staff filed a Notice of Errata to correct its recommended  
10 service line and meter installation charges.

11 23. On February 25, 2010, Little Park filed a request for an extension of time to respond to  
12 the Staff Report. Little Park asserted that Staff was amenable to the extension.

13 24. On February 26, 2010, a Procedural Order was issued granting Little Park an  
14 extension and extending the Commission's time frame in this matter by 14 days.

15 25. On March 16, 2010, Little Park filed its Objections and Responses to Staff Report, in  
16 which Little Park disagreed with Staff's plant-in-service adjustments, accumulated depreciation  
17 adjustments, rate case expense adjustments, depreciation expense calculations, operating margin  
18 recommendation, calculation of a median customer bill under Little Park's proposed rates, and rate  
19 design. Little Park included supporting schedules, but did not provide additional documentation to  
20 support its position, such as invoices for disputed plant items or rate case expenses or excerpts to  
21 support its assertions related to generally accepted accounting principle ("GAAP") requirements.

22 26. On April 5, 2010, a Procedural Order was issued requiring Staff to file a detailed  
23 response to Little Park's Objections and Responses to Staff Report, requiring Little Park to file any  
24 response that it may have to Staff's detailed response, and extending the Commission's time frame in  
25 this matter by 30 days.

26 27. On April 16, 2010, Staff filed a request for an extension of time to file its detailed  
27 response, as Staff and Little Park had agreed to meet regarding the disputed issues. Staff stated that  
28 Little Park did not object to the extension requested or to any corresponding extension of the

Commission's time frame.

28. On April 19, 2010, a Procedural Order was issued granting Staff's request for an extension, extending Little Park's response deadline accordingly, and extending the Commission's time frame in this matter by 21 days.

29. On May 10, 2010, Staff filed a request for a one-day extension of time to file its response.

30. On May 11, 2010, Staff filed its detailed response, which revised a number of Staff's recommendations in light of additional information received from Little Park.

31. On May 27, 2010, Little Park filed a letter stating that Little Park accepts Staff's recommendations contained in Staff's filing of May 11, 2010.

32. Between February 4, 2010, and June 7, 2010, comments were filed from 21 current customers and 1 future customer, all objecting to Little Park's requested rate increase as excessive. Most of the customer comments refer to the approximately 112-percent increase in revenue originally requested by Little Park.

### Rate-making

33. Little Park's current rates and charges and Staff's recommended rates and charges, which Little Park has accepted, are as follows:

#### MONTHLY USAGE CHARGE:

	<u>Present</u> <u>Rates</u>	<u>Staff</u> <u>Recommended</u> <u>&amp; Co.</u> <u>Accepted</u>
5/8" x 3/4" Meter (All Classes)	\$ 15.00	\$ 16.00
3/4" Meter (All Classes)	22.50	24.00
1" Meter (All Classes)	37.50	40.00
1-1/2" Meter (All Classes)	75.00	80.00
2" Meter (All Classes)	100.00	128.00
3" Meter (All Classes)	200.00	256.00
4" Meter (All Classes)	400.00	400.00
6" Meter (All Classes)	600.00	800.00
8" Meter	N/A	1,280.00
Standpipe (Construction, Bulk)	Not Tariffed	None
Water Included:	1,000 Gallons	None

**COMMODITY RATES (Per 1,000 Gallons):****All Meter Sizes**

Per 1,000 Gallons Over Included: \$2.00

**1" and Smaller Meters (Residential)**

1 to 3,000 Gallons	\$1.70
3,001 to 10,000 Gallons	2.60
Over 10,000 Gallons	3.10

**1" Meter (Non-Residential)**

1 to 32,000 Gallons	\$2.60
Over 32,000 Gallons	3.10

**1 1/2" Meter (All Classes)**

1 to 106,000 Gallons	\$2.60
Over 106,000 Gallons	3.10

**2" Meter (All Classes)**

1 to 195,000 Gallons	\$2.60
Over 195,000 Gallons	3.10

**3" Meter (All Classes)**

1 to 434,000 Gallons	\$2.60
Over 434,000 Gallons	3.10

**4" Meter (All Classes)**

1 to 545,000 Gallons	\$2.60
Over 545,000 Gallons	3.10

**6" Meter (All Classes)**

1 to 755,000 Gallons	\$2.60
Over 755,000 Gallons	3.10

**8" Meter (All Classes)**

1 to 910,000 Gallons	\$2.60
Over 910,000 Gallons	3.10

**Standpipe, Bulk Water**

All Usage	Not Tariffed	\$3.10
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**SERVICE LINE AND METER INSTALLATION CHARGES:**

(Refundable pursuant to A.A.C. R14-2-405)

	<u>Present</u>	<u>Staff Recommended &amp; Co. Accepted</u>		
		Service		
	<u>Total</u>	<u>Line</u>	<u>Meter</u>	<u>Total</u>
	<u>Charge</u>	<u>Charge</u>	<u>Charge</u>	<u>Charge</u>
5/8" x 3/4" Meter	\$ 300.00	\$445.00	\$155.00	\$600.00
3/4" Meter	325.00	445.00	255.00	700.00
1" Meter	350.00	Cost	Cost	Cost
1-1/2" Meter	500.00	Cost	Cost	Cost
2" Meter	675.00	Cost	Cost	Cost
3" Meter	875.00	Cost	Cost	Cost
4" Meter	1,500.00	Cost	Cost	Cost
6" Meter	3,200.00	Cost	Cost	Cost

	<u>Present</u>	<u>Staff</u>
	<u>Rates</u>	<u>Recommended</u>
<b>SERVICE CHARGES:</b>		
Establishment	\$20.00	\$20.00
Establishment (After Hours)	\$25.00	\$40.00
Reconnection (Delinquent)	\$20.00	\$20.00
Meter Test (If Correct)	\$30.00	\$30.00
Deposit	*	*
Deposit Interest	*	*
Re-Establishment (within 12 mos.)	**	**
NSF Check	\$15.00	\$15.00
Deferred Payment (per month)	1.50%	Not Included
Meter Re-Read (If Correct)	\$15.00	\$15.00
Late Payment Penalty (per month)	\$5.00	1.50%
Moving Customer Meter (Customer Request)	Not Tariffed	Not Included
After Hours Service Charge	Not Tariffed <sup>4</sup>	\$50.00

**MONTHLY SERVICE CHARGE FOR FIRE SPRINKLER:**

All Meter Sizes Not Included \*\*\*

\* Per Commission rule A.A.C. R14-2-403(B).

\*\* Number of months off system times monthly minimum, per Commission rule A.A.C. R14-2-403(D).

\*\*\* 2% of monthly minimum for a comparably sized meter connection, but no less than \$10.00 per month. The service charge for fire sprinkler service is only applicable for service lines separate and distinct from the primary water service line.

34. Little Park proposed an original cost rate base ("OCRB") of \$167,213, which it asserted is also its fair value rate base ("FVRB").

<sup>4</sup> Little Park showed a current \$25.00 after hours service charge in its application, as revised, but there is no authorization for such a charge in Decision No. 57212, and it is not included in Little Park's tariff.



1           35. Staff determined that Little Park's FVRB is equivalent to its OCRB and is \$169,996,  
2 which reflects an overall increase of \$2,782 from Little Park's proposed OCRB. Staff's adjustments  
3 to Little Park's OCRB reduced plant in service by \$1,815, primarily to adjust account balances  
4 consistent with Little Park's last rate case and reflect only supported plant additions since that rate  
5 case; reduced accumulated depreciation by \$4,496 to reflect Staff's calculation of accumulated  
6 depreciation expense based on Staff's adjustments to plant; and increased cash working capital by  
7 \$101 to reflect Staff's calculation of cash working capital based on Staff's recommendations. Little  
8 Park has accepted Staff's recommended OCRB/FVRB.

9           36. We find that Staff's adjustments to Little Park's OCRB are reasonable and  
10 appropriate. We further find that Little Park's FVRB is equivalent to its OCRB and is \$169,996.

11           37. Little Park reported actual unaudited TY revenues of \$42,364, which it adjusted to  
12 \$64,564 through a pro forma adjustment of \$22,200 to reflect estimated revenues from Verde Valley  
13 School. Verde Valley School came onto service after the close of the TY, and Little Park based the  
14 adjustment on Verde Valley's usage for August through October 2009. Little Park initially proposed  
15 adjusted TY operating expenses of \$83,884 and a TY operating loss of \$19,320. Using the FVRB  
16 adopted herein, this would result in a return on rate base of negative 11.36 percent. Little Park  
17 subsequently adjusted its TY operating expenses downward to \$62,246,<sup>5</sup> which would result in  
18 operating income of \$2,318 or a return on rate base of 1.36 percent.

19           38. Staff determined that Little Park had adjusted TY revenues of \$64,700; adjusted TY  
20 operating expenses of \$61,018; and TY operating income of \$3,682. This represents a return on rate  
21 base of 2.17 percent.

22           39. Staff increased Little Park's adjusted TY revenues by \$136 to reflect metered water  
23 revenue per Little Park's submitted bill count. Little Park has accepted Staff's adjustment to TY  
24 revenues. We find that Staff's adjusted TY revenue figure is reasonable and appropriate, and we  
25 adopt it.

26           40. Staff decreased Little Park's adjusted TY operating expenses by \$1,228 overall,  
27

28 <sup>5</sup> Little Park adjusted repairs and maintenance by (\$5,192), water testing by (\$97), rate case expense by (\$625), depreciation by (\$21,228), property tax by (\$221), and income tax by \$5,725.

1 resulting in a TY operating expense figure of \$61,018. Staff's adjustments to operating expenses  
 2 include an increase of \$189 in outside services to eliminate a non-recurring credit; an increase of  
 3 \$625 in rate case expense to reflect Staff's determinations that \$7,500 is a reasonable rate case  
 4 expense for Little Park and that a three-year normalization period should be used; a decrease of  
 5 \$2,404 in depreciation expense based on Staff's recommended plant in service; and an increase of  
 6 \$361 in income tax to reflect Staff's calculation of the tax requirement ensuing from Staff's adjusted  
 7 TY operating income. Little Park has accepted Staff's recommended adjustments to Little Park's TY  
 8 operating expenses. We find that Staff's adjustments to Little Park's TY operating expenses are  
 9 reasonable and appropriate, and we adopt Staff's adjusted TY operating expense figure of \$61,018.

10 41. Little Park proposed total operating revenue of \$89,122, an increase of \$24,558, or  
 11 38.03 percent, over its adjusted TY operating revenue of \$64,564. Using the TY operating expenses  
 12 and FVRB adopted herein, this would result in operating income of \$28,104 and a rate of return of  
 13 16.53 percent.

14 42. Staff recommends total operating revenue of \$81,915; an increase of \$17,215, or 26.61  
 15 percent, over Staff's adjusted TY operating revenue of \$64,700. Using Staff's total operating  
 16 expense figure of \$64,619 (calculated to reflect the increased income tax from the increased revenue),  
 17 this would result in operating income of \$17,296 and a rate of return of 10.17 percent. Little Park has  
 18 accepted Staff's recommended revenue requirement of \$81,915. We find that Staff's recommended  
 19 revenue requirement is reasonable and appropriate, and we adopt it.

20 43. Little Park has accepted Staff's recommended rates and charges. Staff's  
 21 recommended rates and charges would increase the monthly bill for a residential customer with a  
 22 5/8" x 3/4" meter and median usage of 9,167 gallons from \$31.33 to \$37.13,<sup>6</sup> an increase of \$5.80 or  
 23 18.51 percent. For a residential customer with a 5/8" x 3/4" meter and average usage of 15,850  
 24 gallons, Staff's recommended rates and charges would increase the monthly bill from \$44.70 to  
 25 \$57.44,<sup>7</sup> for an increase of \$12.74 or 28.50 percent.

26  
 27 <sup>6</sup> In its typical bill analysis schedule, Staff stated that this bill would be \$36.13. The discrepancy resulted from Staff's  
 using a \$15.00 minimum charge instead of the \$16.00 minimum charge recommended in Staff's rate design.

28 <sup>7</sup> In its typical bill analysis schedule, Staff stated that this bill would be \$56.44. The discrepancy resulted from Staff's  
 using a \$15.00 minimum charge instead of the \$16.00 minimum charge recommended in Staff's rate design.

1        44. In its application, Little Park initially requested a monthly minimum charge for  
2 "Standpipe (Construction, Bulk)" water based on meter size along with a \$4.28 commodity rate for  
3 "Standpipe, Bulk Water." Subsequently, Little Park adopted Staff's position and eliminated its  
4 request for a monthly minimum charge for bulk water. Staff recommends adoption of a "Standpipe,  
5 Bulk Water" commodity rate of \$3.10 per 1,000 gallons, with no monthly minimum charge  
6 authorized. The record in this case does not establish that Little Park had any bulk water sales in the  
7 TY, either through a multi-user standpipe or through an individually assigned hydrant meter. Nor  
8 does the record establish that Little Park currently has any such sales. Little Park does, however,  
9 have a number of fire hydrants on its system. Because Little Park could add a standpipe to its system  
10 at any time, if necessary to support its service area, and could at any time be approached by a  
11 construction company or other entity desiring to purchase bulk water through an individually  
12 assigned hydrant meter, it is appropriate to ensure that Little Park's rates accommodate the provision  
13 of such services.

14        45. Recent Commission decisions have recognized that it is appropriate to allow a  
15 monthly minimum charge for individually assigned hydrant meters to recognize the demand that  
16 these meters place on the system and to allow recovery of administrative costs that are not fully  
17 recovered through commodity rates when the meters have been assigned but have no usage for a  
18 given period.<sup>8</sup> Thus, we find that it is appropriate to authorize a monthly minimum charge for  
19 individually assigned hydrant meters, according to the meter size of the hydrant meter, and to require  
20 Little Park to charge customers the tiered commodity rates adopted herein for their water usage  
21 through such individually assigned hydrant meters, based on meter size.

22        46. In addition, we find that it is appropriate to authorize Little Park to assess the Staff-  
23 recommended \$3.10 "Standpipe, Bulk Water" commodity charge for all water obtained through an  
24 unassigned hydrant meter that is used as a standpipe and available to numerous entities, and to  
25 prohibit Little Park from assessing a monthly minimum charge for such usage. In the rate design  
26 adopted herein, we will refer to this as a standpipe rate.

27  
28 <sup>8</sup> It is more appropriate that these costs be incurred by the individual customers that cause them than that they be spread over the entire customer base by increasing rates elsewhere to compensate.

1        47.    We find that Staff's recommended monthly minimum charges and commodity rates,  
2 modified as described above, are just and reasonable and should be adopted.

3        48.    Staff's schedule of service charges does not include a monthly deferred payment  
4 charge or a charge for moving a customer's meter upon the customer's request. We find that it is  
5 appropriate to allow Little Park to continue charging 1.50 percent per month for deferred payments  
6 and to allow Little Park to assess its costs when it moves a customer's meter upon the customer's  
7 request. These are typically authorized service charges, and it is reasonable and appropriate to  
8 authorize Little Park to assess them.

9        49.    We find that Staff's recommended service charges are reasonable and appropriate, and  
10 we will adopt them, along with the additional service charges described above.

11       50.    Little Park and Staff have agreed upon service line and meter installation charges for  
12 the two smallest meter sizes and upon charging customers "at cost" for larger meter sizes. The  
13 agreed upon charges for the two smallest meter sizes are within Staff's customary range of service  
14 line and meter installation charges based on typical costs for service lines and meters. Little Park  
15 requested the "at cost" for larger meter sizes because of the costs of excavating in the Sedona area  
16 due to rocks. The agreed upon service line and meter installation charges for the two smallest meter  
17 sizes are reasonable and appropriate, and we will adopt them. Likewise, it is reasonable and  
18 appropriate to authorize Little Park to charge its customers "at cost" for larger meter sizes, and we  
19 will do so.

20 **Staff Recommendations**

21       51.    Staff recommends the following:

- 22            (a)    That Staff's recommended rates and charges be approved;
- 23            (b)    That Little Park be authorized to collect from its customers a proportionate  
24 share of any privilege, sales, or use tax, as provided for in A.A.C. R14-2-409(D);
- 25            (c)    That Little Park be required to file with Docket Control, as a compliance item  
26 in this docket, within 30 days after the decision in this matter, a tariff schedule of its new rates and  
27 charges; and
- 28            (d)    That Little Park be ordered to use the depreciation rates delineated in Table H-

1 of the Engineering Report portion of the February 18, 2010, Staff Report in this matter.

2 **Resolution**

3       52. As stated previously, we are adopting Staff's recommended monthly minimum  
4 charges and commodity rates, but are additionally requiring that individually assigned hydrant meter  
5 customers be assessed a monthly minimum charge, according to meter size, along with Staff's  
6 recommended tiered commodity rates for the meter size and are designating Staff's recommended  
7 "Standpipe, Bulk Water" commodity rate as a standpipe rate applicable to hydrant meters that are not  
8 individually assigned. We are also retaining Little Park's 1.50 percent per month deferred payment  
9 charge and are authorizing Little Park to charge its customers the cost of moving a meter upon  
10 customer request.

11       53. Staff's recommendations set forth in Findings of Fact No. 51, as modified herein, are  
12 just and reasonable and in the public interest, and we are adopting them.

13 **CONCLUSIONS OF LAW**

14       1. Little Park is a public service corporation within the meaning of Article XV of the  
15 Arizona Constitution and A.R.S. §§ 40-250 and 40-251.

16       2. The Commission has jurisdiction over Little Park and the subject matter of the  
17 application.

18       3. Notice of Little Park's application and this matter was provided in accordance with the  
19 law.

20       4. Little Park's FVRB is \$169,996.

21       5. The rates, charges, and conditions of service established herein are just and reasonable  
22 and in the public interest.

23       6. It is just and reasonable and in the public interest to require Little Park to comply with  
24 the conditions described in Findings of Fact No. 51(c) and (d).

25 **ORDER**

26       IT IS THEREFORE ORDERED that Little Park Water Company Inc. is hereby authorized  
27 and directed to file with the Commission's Docket Control, as a compliance item in this docket, on or  
28 before August 1, 2010, a revised tariff setting forth the following rates and charges:

**MONTHLY USAGE CHARGE:**

5/8" x 3/4" Meter (All Classes)	\$ 16.00
3/4" Meter (All Classes)	24.00
1" Meter (All Classes)	40.00
1-1/2" Meter (All Classes)	80.00
2" Meter (All Classes)	128.00
3" Meter (All Classes)	256.00
4" Meter (All Classes)	400.00
6" Meter (All Classes)	800.00
8" Meter	1,280.00
Hydrant Meter (Individually Assigned)	By Meter Size
Standpipe (Not Individually Assigned)	None

**COMMODITY RATES (Per 1,000 Gallons):****(Applicable to All Classes as Specified, Except Standpipe)****1" and Smaller Meters (Residential)**

1 to 3,000 Gallons	\$1.70
3,001 to 10,000 Gallons	2.60
Over 10,000 Gallons	3.10

**1" Meter (Non-Residential)**

1 to 32,000 Gallons	\$2.60
Over 32,000 Gallons	3.10

**1 1/2" Meter (All Classes)**

1 to 106,000 Gallons	\$2.60
Over 106,000 Gallons	3.10

**2" Meter (All Classes)**

1 to 195,000 Gallons	\$2.60
Over 195,000 Gallons	3.10

**3" Meter (All Classes)**

1 to 434,000 Gallons	\$2.60
Over 434,000 Gallons	3.10

**4" Meter (All Classes)**

1 to 545,000 Gallons	\$2.60
Over 545,000 Gallons	3.10

**6" Meter (All Classes)**

1 to 755,000 Gallons	\$2.60
Over 755,000 Gallons	3.10

**8" Meter (All Classes)**

1 to 910,000 Gallons	\$2.60
Over 910,000 Gallons	3.10

**Standpipe Water (Not Individually Assigned)**

All Usage, Per 1,000 Gallons \$3.10

**SERVICE LINE & METER INSTALLATION CHARGES:**

(Refundable pursuant to A.A.C. R14-2-405)

	Service Line	Meter	Total
	<u>Charge</u>	<u>Charge</u>	<u>Charge</u>
5/8" x 3/4" Meter	\$445.00	\$155.00	\$600.00
3/4" Meter	445.00	255.00	700.00
1" Meter	Cost	Cost	Cost
1 1/2" Meter	Cost	Cost	Cost
2" Meter	Cost	Cost	Cost
3" Meter	Cost	Cost	Cost
4" Meter	Cost	Cost	Cost
6" Meter	Cost	Cost	Cost

**SERVICE CHARGES:**

Establishment	\$20.00
Establishment (After Hours)	\$40.00
Reconnection (Delinquent)	\$20.00
Meter Test (If Correct)	\$30.00
Deposit	*
Deposit Interest	*
Re-Establishment (within 12 mos.)	**
NSF Check	\$15.00
Deferred Payment (per month)	1.50%
Meter Re-Read (If Correct)	\$15.00
Late Payment Penalty (per month)	1.50%
Moving Customer Meter (Customer Request)	At Cost
After Hours Service Charge	\$50.00

**MONTHLY SERVICE CHARGE FOR FIRE SPRINKLER:**

All Meter Sizes \*\*\*

\* Per Commission rule A.A.C. R14-2-403(B).

\*\* Number of months off system times monthly minimum, per Commission rule A.A.C. R14-2-403(D).

\*\*\* 2% of monthly minimum for a comparably sized meter connection, but no less than \$10.00 per month. The service charge for fire sprinkler service is only applicable for service lines separate and distinct from the primary water service line.

All items billed at cost shall include labor, materials, and parts and all applicable taxes.

IT IS FURTHER ORDERED that the rates and charges set forth above shall be effective for all services rendered by Little Park Water Company Inc. on and after August 1, 2010.

1 IT IS FURTHER ORDERED that Little Park Water Company Inc. shall notify its customers  
 2 of the revised schedule of rates and charges authorized herein by means of an insert in its next  
 3 regularly scheduled billing, or by separate mailing, in a form acceptable to the Commission's Utilities  
 4 Division Staff.

5 IT IS FURTHER ORDERED that Little Park Water Company Inc. shall use, on a going-  
 6 forward basis, the depreciation rates delineated in Table H-1 of the Engineering Report portion of the  
 7 February 18, 2010, Staff Report in this matter.

8 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

9 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

10  
 11  
 12 CHAIRMAN

COMMISSIONER

13  
 14 COMMISSIONER

COMMISSIONER

COMMISSIONER

15  
 16 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,  
 17 Executive Director of the Arizona Corporation Commission,  
 18 have hereunto set my hand and caused the official seal of the  
 19 Commission to be affixed at the Capitol, in the City of Phoenix,  
 20 this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

21  
 22 ERNEST G. JOHNSON  
 23 EXECUTIVE DIRECTOR

24 DISSENT \_\_\_\_\_

25 DISSENT \_\_\_\_\_



1 SERVICE LIST FOR: LITTLE PARK WATER COMPANY INC.

2 DOCKET NO.: W-02192A-09-0531

3

4 Steve Gudovic  
LITTLE PARK WATER COMPANY  
45 Castle Rock Road, No. 4  
5 Sedona, AZ 86351

6 Janice Alward, Chief Counsel  
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7 ARIZONA CORPORATION COMMISSION  
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8 Phoenix, AZ 85007

9 Steve Olea, Director  
Utilities Division  
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